

29 AUGUST 2026

ASSOCHAM India Monitor

· (AIM Weekly) ·

----- Vol. 5/Issue 5 -----

A comprehensive weekly tracker of India's
macroeconomic indicators ↗



GDP GROWTH



INFLATION



INDUSTRIAL OUTPUT



Top Economic Developments



State Developments



Top Statistics



Weekly Market Mood



ASSOCHAM Analysis



Government Lifts Four-Year Wheat Export Ban

Food Secretary Sanjeev Chopra said the decision was taken in farmers' interest because domestic wheat prices are depressed, with wheat production hitting a record 120.65 million tonnes in the 2025-26 crop year and FCI holding nearly 49 million tonnes in buffer stock, while retail wheat prices remained flat at ₹31.46/kg. This is a significant policy reversal — from the 2022 export ban imposed to control prices to now actively encouraging exports to lift farmgate realisations — with direct implications for farm incomes and India's agri-export basket heading into the new sowing season.

Kharif Sowing Season Ends 1.5% Below Last Year, With Regional Divergence

Kharif sowing as of August 21 stood at 1,056.70 lakh hectares against 1,072.77 lakh hectares a year earlier — a shortfall of 16.07 lakh hectares — and 47.75 lakh hectares below the normal benchmark of 1,104.45 lakh hectares, per Agriculture Ministry data released August 24. Rice accounted for nearly the entire gap (down 13.19 lakh hectares), with declines concentrated in Karnataka, Telangana, Jharkhand and Madhya Pradesh, even as Assam and pulses (led by a 3.97 lakh hectare jump in Uttar Pradesh) posted gains.

Piyush Goyal Leads India's Largest-Ever Delegation to Japan

Commerce and Industry Minister Piyush Goyal, leading India's largest-ever trade delegation to Japan, pitched India as a compelling destination for data centres this week, while also saying the government is working on a framework to exempt the high-tech sector from certain existing restrictions. This forms part of a broader push to deepen India-Japan investment ties, building on Japan's traditionally strong manufacturing and infrastructure engagement with India.

Japanese Financial Institutions Back India's Growth

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India Sharply Increases LPG and LNG Purchases from the United States

India has sharply increased its purchases of LPG and LNG from the United States, according to reports this week. This deepening of energy trade ties with the US is a significant development for India's energy-security diversification strategy and its broader trade relationship with Washington, particularly relevant given the sustained rise in crude oil prices seen over the preceding week.

India Recognises EU Regulatory Clearance for Medical Devices

The Health Ministry amended Rule 63 of the Medical Devices Rules, 2017, adding the European Union to the list of stringent regulatory jurisdictions whose clearance waives clinical investigation requirements for devices without a predicate — joining the US, UK, Australia, Canada and Japan, with the EU being the sixth and largest addition.

Telangana Dy CM calls for roadshows ahead of investment summit

Telangana Deputy Chief Minister and Finance Minister Mallu Bhatti Vikramarka emphasised the need to attract investors through extensive domestic and international roadshows ahead of the “Telangana Rising Global Summit 2.0,” scheduled for December. Chairing a cabinet sub-committee meeting at Mahatma Phule Praja Bhavan, Vikramarka directed officials to set up a special war room at Praja Bhavan to facilitate preparations for the summit. He instructed officials to expedite invitation letters to guests for the Invest Telangana Summit. He suggested that the Chief Secretary ensure robust supervision of the war room under a senior official.

Maharashtra Signs Partnership Framework with Germany's Hesse State

Maharashtra Chief Minister Devendra Fadnavis signed a Maharashtra–Hesse Partnership Framework with Boris Rhein, Minister-President of the German state of Hesse, at Sahyadri Guest House, Mumbai, on August 25, with a Joint Working Group to be set up for implementation. This bilateral state-to-state partnership continues Maharashtra's pattern of deepening international investment and technology-cooperation ties, building on its earlier GCC-focused outreach in Pune.

Odisha Approves ₹2,780 Crore Across 14 Industrial Projects in 10 Districts

The Odisha government approved 14 industrial projects worth a combined ₹2,780.10 crore during the 149th meeting of its State Level Single Window Clearance Authority (SLSWCA), spanning 10 districts, reported on August 25. This continues Odisha's steady drumbeat of investment approvals through its single-window mechanism, reinforcing the state's positioning among India's top industrial-investment destinations alongside its recent Delhi-NCR roadshow gains.

Indian Railways Sanctions 49 Projects Worth ₹62,360 Crore in Uttar Pradesh

Indian Railways has sanctioned 49 railway infrastructure projects worth ₹62,360 crore in Uttar Pradesh, reported this week — a substantial rail-infrastructure commitment that adds to the state's ongoing industrial and connectivity push, including the UPSIDA industrial-area expansions and the Lucknow-Kanpur Namu Corridor flagged in recent weeks.

PM Modi Inaugurates ₹12,000 Crore Worth of Projects in Gaya, Bihar

Prime Minister Narendra Modi inaugurated projects worth ₹12,000 crore in Gaya, Bihar, on August 22, just ahead of this reporting window, with coverage and follow-up continuing into the week. This adds to Bihar's infrastructure momentum following the CCEA's recent approval of the NH-22 four-laning project in the state, reinforcing continued central investment focus on Bihar ahead of the state's assembly elections.

RBI's FCNR(B) Swap Facility Raises \$72.8 Billion in Under 11 Weeks

The RBI's concessional FCNR(B) foreign-currency swap window has raised \$72,848 million since its June launch — nearly triple the roughly \$26 billion mobilised over three months by a similar 2013 facility — even as the window is set to close by month-end, SBI's Chairman noted this week. This is a landmark capital-inflow statistic, underscoring the scale of India's balance-of-payments support measures at a time when the rupee trades near 95.71/dollar; however, the maturity profile of the funds raised (how much is one-year versus three-year paper) remains undisclosed, a detail that will determine future unwinding risk.

RBI House Price Index Rises to 117.5 in Q1 FY27

The RBI's all-India House Price Index reached 117.5 in Q1 FY27, up 1.1% quarter-on-quarter and 3.6% year-on-year, released on August 24, with the annual pace matching a year ago. Chandigarh, Lucknow and Thiruvananthapuram led the quarterly rise, while Jaipur and Kanpur also featured among the annual gainers — a useful data point for ASSOCHAM's real estate and urban-investment tracking, indicating steady but not overheated residential price growth across major cities.

Bank Credit Growth Accelerates to 19.3% YoY, Deposits Up 15.4%

The RBI's latest bulletin shows scheduled commercial banks' total credit reaching ₹22,078,095 crore as of July 31, 2026 — a robust 19.3% year-on-year increase — while total deposits stood at ₹26,941,367 crore, up 15.4% year-on-year. Money supply (M3) grew 14.7% year-on-year to ₹32,281,302 crore, with time deposits up 14.5% and currency with the public up 12.9%. This strong credit-growth statistic, comfortably outpacing deposit growth, is a significant signal of robust private-sector borrowing demand and is a key input for ASSOCHAM's financial-sector and investment-climate tracking.

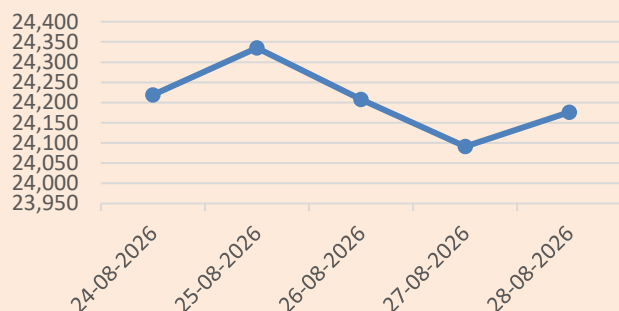
Sugar Ex-Mill Prices Decline 18% to ₹55/kg

The ex-mill price of sugar declined by 18% to ₹55 per kg this week, according to reports. This is a notable softening in a key agri-commodity price, likely reflecting improved supply conditions, and is a relevant data point for both consumer food-inflation trends and the sugar/ethanol industry's margin outlook. Last week, the government allowed import of 1 million tonnes of raw sugar, imposed stock limits on bulk consumers, and directed states to intensify inspections to check hoarding and speculation. National Federation of Cooperative Sugar Factories (NFCSF) Managing Director Prakash Naiknavare said no State in the country currently has ex-mill prices ruling above ₹55 per kg.

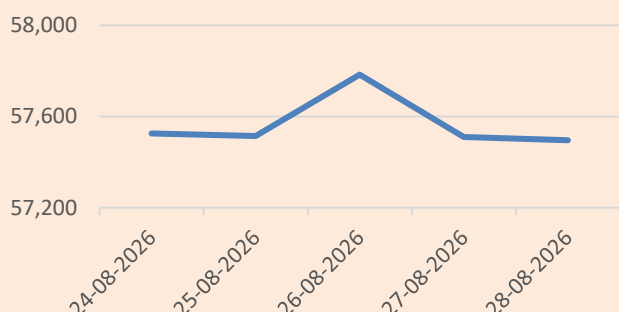
Unemployment Rate Falls to Four-Month Low of 5.1% in July

India's unemployment rate for persons aged 15 and above declined to 5.1% in July 2026 from 5.5% in June, per PLFS data released by the National Statistics Office — matching the lowest level in four months and beating a Reuters poll forecast of 5.4%. The improvement was driven almost entirely by rural India, where unemployment fell sharply to 4.5% (from 5.0%) alongside a notable rise in women's labour-force participation, while urban unemployment edged up slightly to 6.7% (from 6.6%).

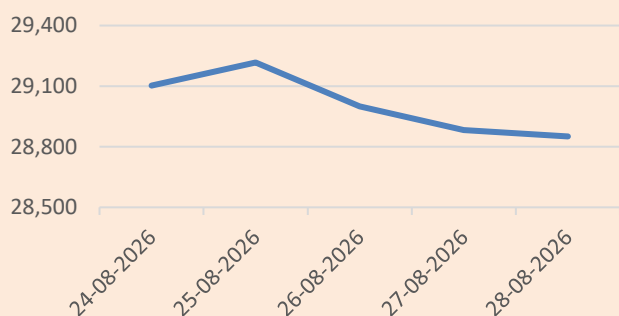
NIFTY 50



NIFTY BANK



NIFTY AUTO



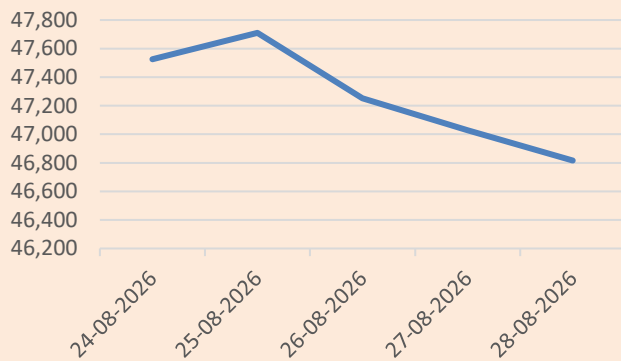
The modest softening likely reflects profit-booking after the prior week's recovery, compounded by caution ahead of Friday's IIP release and the RBI's concessional FCNR(B) swap window closing at month-end — a facility that had pulled in \$72.8 billion and helped stabilise sentiment; its expiry naturally introduces some uncertainty about future capital-inflow support even as unemployment (5.1%, a 4-month low) and credit growth (19.3% YoY) painted an otherwise resilient underlying economic picture.

Bank stocks were comparatively steadier, moving in a tight band between 57,496 and 57,784, with a mid-week peak on Aug 26 before easing to close flat-to-slightly-down for the week (~-0.05%). This relative resilience versus the broader index is consistent with the strong bank-credit growth data (19.3% YoY, reported this week) reinforcing confidence in lending momentum, even as the softer Composite PMI (54.3, down from 57.1 in June) introduced some caution about the pace of future credit demand.

Auto stocks declined the most sharply of the three indices, falling from 29,102 (Aug 24) to a weekly high of 29,217 (Aug 25) before dropping steadily to 28,851 by Aug 28 — a net fall of ~-0.86%. This continues the sector's consolidation after its earlier sales-driven rally, likely pressured by the week's firmer crude oil prices (input/logistics costs) and possibly some caution ahead of the IIP print, since manufacturing output — a key driver of auto-sector sentiment — is a core IIP component.

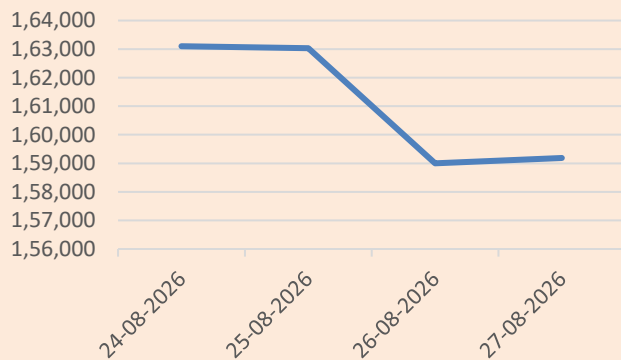
Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
28/08/2026	95.5614	129.8867	111.2956	59.9200
27/08/2026	95.5131	129.7978	111.3157	59.9400
25/08/2026	95.7143	130.4155	111.5748	60.0700
24/08/2026	95.7258	130.5776	111.7752	60.2200

NIFTY FMCG



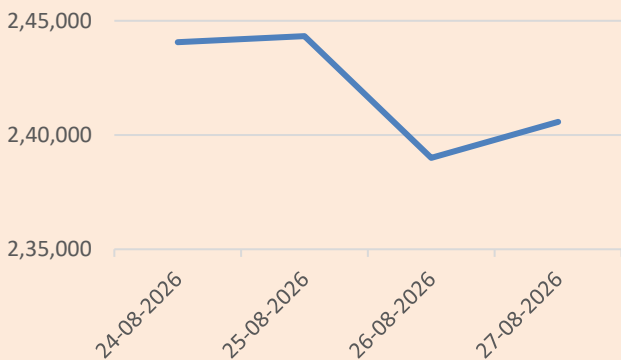
FMCG extended its multi-week decline, falling from 47,526 (Aug 24) to 46,816 (Aug 28) — a drop of ~1.5%, the steepest weekly fall among the indices tracked. This continued underperformance likely reflects persistent margin pressure from elevated input costs (WPI food inflation at 6.65% in July) combined with the softer Composite PMI reading, suggesting demand growth is moderating just as cost pressures remain sticky — a combination that continues to weigh most heavily on consumer-facing stocks.

Gold (INR/10 GM)



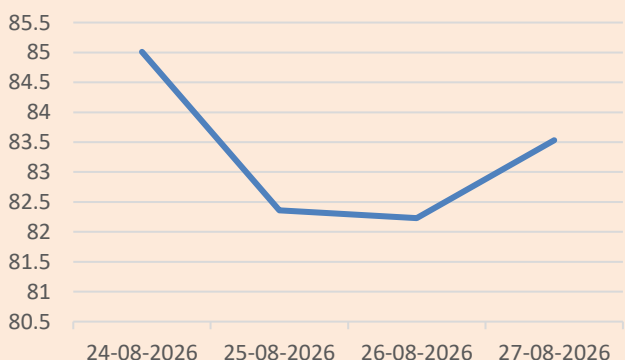
Gold surged early in the week, hitting a high of ₹1,63,100 on Aug 24, before easing back to ₹1,59,189 by Aug 27 — still a strong level historically, but down ~2.4% from its peak. The initial spike likely reflects continued safe-haven buying tied to lingering geopolitical risk (consistent with the prior week's rally), while the pullback suggests profit-taking as crude oil eased slightly from its own Aug 24 high of \$85.01, reducing some of the risk-premium pressure that had been lifting gold.

Silver (INR/KG)



Silver mirrored gold's pattern almost exactly — peaking at ₹2,44,328 on Aug 25 before easing to ₹2,40,573 by Aug 27, a decline of ~1.5% from the peak. As with gold, this reflects a cooling of the safe-haven bid alongside easing crude prices, though silver's continued elevated levels also likely reflect steady industrial demand given the resilient credit-growth and manufacturing data reported this week.

Crude (\$/BL) Price



Crude was volatile but ended the week lower, falling from \$85.01 (Aug 24) to \$82.23 (Aug 26) before a modest rebound to \$83.53 (Aug 27) — a net decline of ~1.7%. This partial cooling, after the prior week's sharp geopolitical-risk-driven rally, likely reflects some easing of West Asia tensions or profit-taking after the run-up; a sustained pullback here would be a welcome relief for India's trade deficit and inflation outlook, though the mid-week rebound suggests the underlying risk premium hasn't fully unwound.

Service PPI: Q1 FY2026-27 Analysis

Industrial growth remains strong

India's services sector continues to demonstrate resilient and broad-based momentum, with the Services Producer Price Index data for the last four quarters reflecting healthy activity across banking, railways, telecom, insurance and pension fund management.

Service PPIs (Base Year 2022-23) for the last four Quarters

S.No.	Service PPI	Q2 25-26 (F)	Q3 25-26 (F)	Q4 25-26 (F)	Q1 26-27 (P)
1	Securities Transaction Service Price Index	92.4	89.2	91.7	89.9
2(a)	Banking Service Price Index	103.6	102.2	100.5	100.9
2(b)	Banking Service Contribution Index	129.7	132.0	131.5	134.8
3	Management of Pension Funds Service Price Index	108.4	106.3	103.8	113.3
4	Insurance Service Price Index	102.7	102.0	102.9	102.9
5	Telecom Service Price Index	111.6	112.2	112.2	112.2
6	Railway Service Price Index	101.3	102.6	103.3	103.4
6(a)	Railway Freight Service Price Index	101.3	103.2	103.2	103.3
6(b)	Railway Passenger Service Price Index	101.3	101.3	103.5	103.5
7	Air (Passenger) Service Price Index	94.3	107.3	106.9	126.4

Air (Passenger) Services show the sharpest movement of all the index climbed from 92.4 in Q2 2025-26 to 126.4 in Q1 2026-27, translating into year-on-year inflation of 31.94 per cent in the latest quarter, the highest across the basket.

Banking Services present a contrasting picture as the Banking Service Price Index eased steadily from 103.6 to 100.9, mirrored by sustained year-on-year deflation of between 2.81 per cent and -4.31 per cent even as the Banking Service Contribution Index rose from 129.7 to 134.8 and its growth rate accelerated from 2.13 per cent to 6.90 per cent.

Management of Pension Funds Services dipped through Q3-Q4, both in level (108.4 to 103.8) and inflation terms (1.59 per cent to -0.76 per cent), before rebounding sharply in Q1 2026-27 to an index of 113.3 and inflation of 5.20 per cent.

Railway Services show a mild, steady upward drift in levels of about two points over the year, consistent with inflation accelerating from -0.20 per cent to 1.27 per cent, driven mainly by Railway Passenger Services where inflation jumped to 3.50 per cent and held, while Railway Freight stayed close to zero throughout.

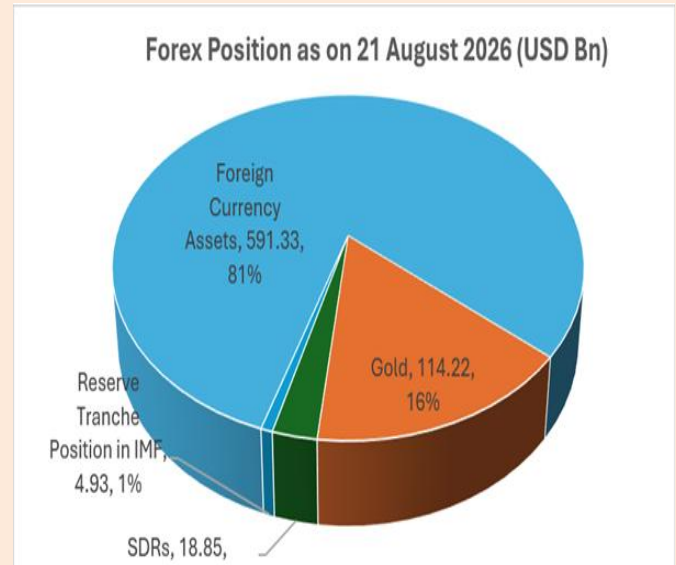
Insurance and Telecom Service Price Indices remain broadly flat in level terms, and their inflation readings confirm this stability, staying within a narrow band of roughly -3 per cent to 1 per cent. The

Securities Transaction Service Price Index stays range-bound with a mild net decline from 92.4 to 89.9, and its inflation profile mirrors this, moving out of deep contraction of -5.81 per cent to a near-flat -1.32 per cent by Q1 2026-27.

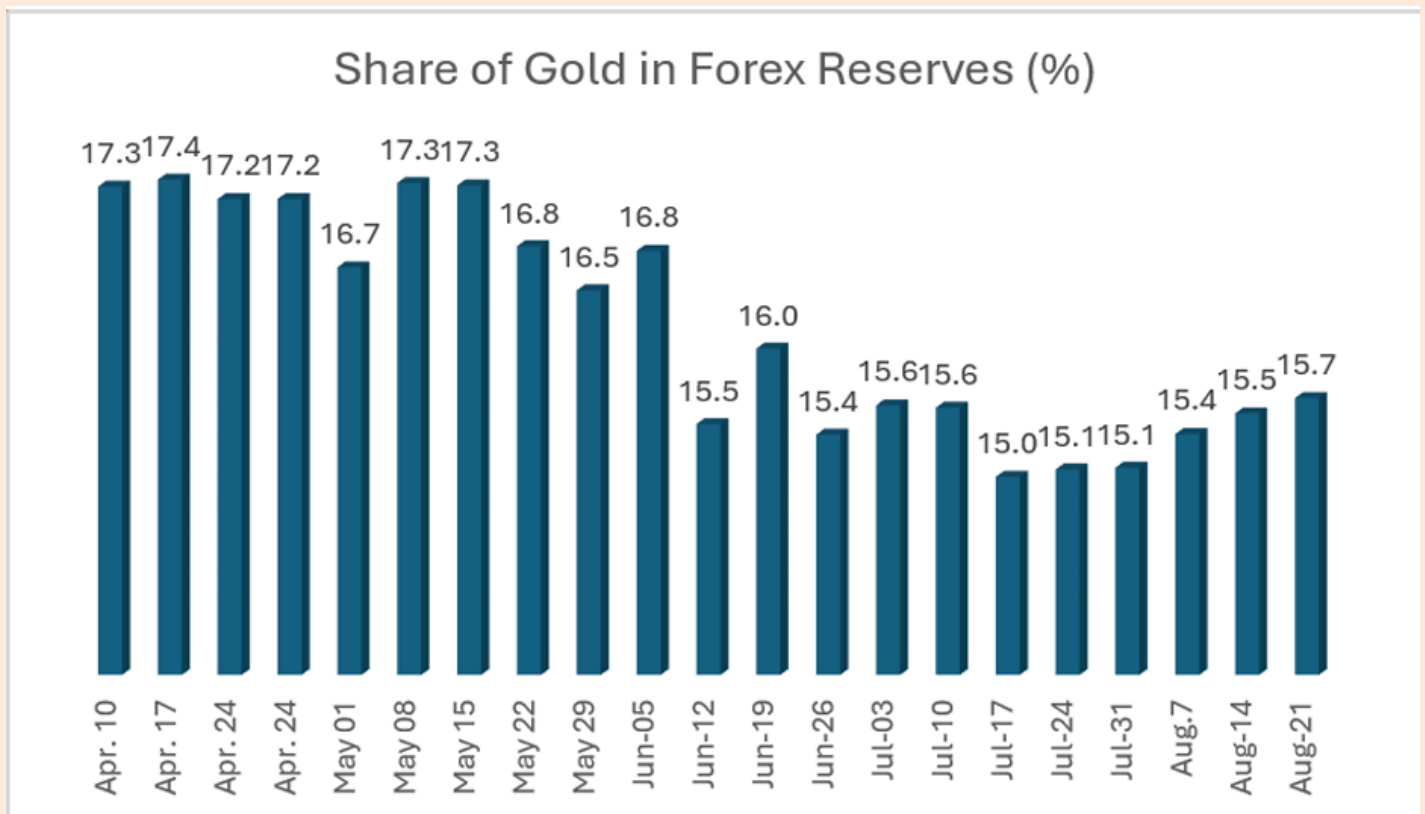
INDIA'S FOREIGN EXCHANGE RESERVES STOOD AT RECORD USD 729.33 BILLION

ASSOCHAM Perspective

- India's Forex reserves as on 21 August 2026 stood at USD 729.33 billion registering an increase of USD 12.42 billion compared to last week.
- Foreign currency assets which constitute a major part of forex reserves stood at USD 591.33 billion up by USD 9.48 billion.
- Gold, the second largest component recorded a value of USD 114.22 billion.
- Reserve position at IMF and SDR witnessed slight increase in the week ending 21 August as against last week.
- Reserves have climbed for eight straight week as the RBI's measures helped in a positively.
- The country's forex reserves increased by \$12.4 billion during the week, surpassed the previous record of \$728.5 billion registered in February.



Share of Gold in Forex Reserves (%)



(Source: RBI)

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